

**UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
WESTERN DIVISION**

In re:)	Chapter 15
)	
GOOD NATURED PRODUCTS INC.,)	Case No. 24-80891
<i>et al.</i> , ¹)	
)	(Joint Administration Requested)
Debtors in a Foreign Proceeding.)	

DECLARATION OF PAUL ANTONIADIS

I, Paul Antoniadis, pursuant to 28 U.S.C. § 1746, hereby declare under penalty of perjury under the laws of the United States of America that the following is true and correct to the best of my knowledge, information, and belief.

1. I am the Chief Executive Officer of good natured Products Inc. (“GDNP PubCo” or the “Foreign Representative”), and its debtor subsidiaries: good natured Real Estate Holdings (Ontario) Inc.; 1306187 B.C. Ltd.; good natured Products (CAD) Inc.; good natured Products Packaging Canada GP Inc.; good natured Products Packaging Brampton GP Inc; good natured Products Industrial Canada GP Inc.; good natured Products Packaging Canada LP; good natured Products Packaging Brampton LP; good natured Products Industrial Canada LP; good natured Products (US) Inc; good natured Products (Illinois), LLC; good natured Products Real Estate U.S., LLC; good natured Products Packaging US LLC; good natured Products Direct LLC, and good

¹ The Debtors in these chapter 15 proceedings, together with the last four digits of their business identification numbers are: good natured Products Inc. (9782); good natured Real Estate Holdings (Ontario) Inc. (9738); 1306187 B.C. Ltd. (9106); good natured Products (CAD) Inc. (3430); good natured Products Packaging Canada GP Inc. (0013); good natured Products Packaging Brampton GP Inc. (1615); good natured Products Industrial Canada GP Inc. (9542); good natured Products Packaging Canada LP (5943); good natured Products Packaging Brampton LP (5141); good natured Products Industrial Canada LP (5344); good natured Products (Illinois), LLC (1986); good natured Products Real Estate U.S., LLC (5490); good natured Products (US) Inc. (7740); good natured Products Packaging US LLC (5490); good natured Products Direct LLC (0622); good natured Products (Texas) LLC (2342).

natured Products (Texas) LLC (collectively with “Good Natured,” the “Company,” or the “Debtors”). A corporate organization chart is attached hereto as **Exhibit A**.

2. I am over the age of 18 and intimately familiar with the Debtors and their reorganization proceeding (the “Canadian Proceeding”) currently pending in Supreme Court of British Columbia (the “Canadian Court”). All facts set forth in this Declaration are based upon (a) my personal knowledge; (b) my review of relevant documents and any and all documents prepared and/or filed in connection with the Canadian Proceedings; (c) information supplied to me by the directors or professionals retained by the Debtors; or (d) based on my experience and knowledge of the Debtors’ assets and financial condition.

3. I make this Declaration in support of (i) Form 401 Petitions (“Form Petitions”), along with the exhibits thereto, (ii) the Verified Petitions (the “Verified Petition” and collectively with the Form Petitions, the “Petitions”), (iii) the Application of Foreign Representative for Order (I) Specifying Form and Manner of Service (II) Scheduling Hearing on Recognition and Additional Relief and (III) Setting Deadline for Objections and Replies, and (iv) Motion of Foreign Representative Pursuant to Federal Rule of Bankruptcy Procedure 1015(b) for Order Directing Joint Administration of Cases under Chapter 15 of the Bankruptcy Code.

BACKGROUND

4. The Canadian Proceeding and the relief requested herein will protect the Debtors’ assets, provide the Debtors with access to information necessary to assemble and preserve the assets and claims of the Debtors for administration. Thus, the Debtors now seek recognition of the Canadian Proceeding as foreign main proceeding to garner and administer the Debtors’ assets that may be located and held in the United States.

5. The Debtors have principal assets in Illinois: (a) the Debtors have property in Illinois as a group through their direct and indirect ownership of equity of Illinois entities and the

incorporation of good natured Products (Illinois), LLC ("GDNP Illinois LLC") and Products Real Estate U.S., LLC ("GDNP Re US LLC") under Illinois law; (b) GDNP Illinois LLC and GDNP Re US LLC maintain their principal places of business in Richmond, Illinois; and (c) over 50% of the revenue generated by the US Debtors is generated out of Richmond, Illinois. Further, each of the other Debtors has property located in Illinois consisting of an undrawn retainer in a non-interest bearing account located with BMO Harris Bank in Chicago held for those Debtors by Akerman LLP, as counsel to the Debtors (the "Retainer Account"). Such funds remain in the Retainer Account as of the date hereof and are the Debtors' property. Moreover, GDNP Illinois LLC has litigation against a former employee pending in the Northern District of Illinois, Case No. 1:24-cv-005287.

I. The Debtors' Corporate Structure and Prepetition Assets and Liabilities

A. The Debtors' Corporate Structure

6. Good Natured was founded in 2006 as Solegear Bioplastics Inc. Good Natured was continued into British Columbia in March 2015 (following a reverse takeover with Rodeo Capital III Corp.), and changed its name to "good natured Products Inc."

7. Good Natured is in the business of producing and distributing everyday products made from the highest possible percentage of renewable, plant-based materials, throughout North America, primarily through the direction of its Canadian entities (the "Good Natured Business"). The Company's customer base includes retailers, food producers, food packers, consumer product companies, restaurants, packaging thermoforming manufacturers, and other industrial processors.

8. Good Natured is at the forefront of North America's shift toward sustainability, showcasing over 90 plant-based packaging designs and an extensive portfolio of more than 400 products and services. These offerings are purposefully designed and manufactured locally in

Canada and the US to reduce environmental impact by using more renewable materials, less fossil fuel, and eliminating chemicals of concern.

9. GDNP PubCO is a public holding company incorporated under the laws of British Columbia, with a head office located at 814 - 470 Granville Street Vancouver, British Columbia (the "Vancouver Head Office"). GDNP PubCo's common shares are listed for trading on the Toronto Venture Exchange ("TSX"), trading under the symbol "GDNP," and on the OTCQB Venture Market under the symbol "GDNPF." All board meetings are conducted in Canada. GDNP PubCo has six directors; three are Canadian. All of the other Debtors each have the same two directors, both are Canadian citizens and live in Canada.

10. Good Natured operates a large, cross-border, complex organization that spans across Canada and into several states in the United States. In 2023, the group generated CAD \$76,500,000 in revenue. The senior management and finance teams, which oversee operations in both the United States and Canada, are based in Good Natured's head office in Vancouver, British Columbia, including Paul Antoniadis (CEO), Kerry Biggs (CFO), and Don Holmstrom (EVP) (collectively, the "Executive Team"). In addition to the Executive Team, there is a senior management team, all of whom reside in Canada. The Executive Team sets strategy, raises and controls all capital deployment, approves all capital expenditures, makes all merger-and-acquisition decisions, manages final treasury decisions and banking. Currently, Good Natured employs 143 employees, 79 in Canada and 64 in the U.S. All US operations are managed and overseen by the senior management team in Brampton, Ontario.

11. As shown on the corporate chart attached as **Exhibit A** to the Antoniadis Declaration, Good Natured includes the following direct and indirect subsidiaries of GDNP PubCo:

- good natured Products Inc. and 1306187 B.C. Ltd. ("130") are both incorporated in British Columbia. 130 has its main business address at the Vancouver Head Office. 130 holds the legal title to Good Natured's property located in Ayr, Ontario.
- good natured Real Estate Holdings (Ontario) Inc. ("GDNP RE ON"), good natured Products (CAD) Inc. ("GDNP CAD"), good natured Products Packaging Canada GP Inc. ("GDNP Canada GP"), good natured Products Packaging Brampton GP Inc. ("GDNP Brampton GP"), good natured Products Industrial Canada GP Inc. ("GDNP Industrial GP"), good natured Products Packaging Canada LP ("GDNP Canada LP"), good natured Products Packaging Brampton LP ("GDNP Brampton LP"), and good natured Products Industrial Canada LP ("GDNP Industrial LP") are all incorporated under the laws of Ontario. GDNP RE ON is located at 5 Abacus Road, Brampton, Ontario. The rest of these entities are all located at the Vancouver Head Office.
- GDNP Illinois LLC and GDNP RE US LLC, were formed under the laws of Illinois and have their addresses at the Illinois Facility (as defined below).
- GDNP US, good natured Products Packaging US LLC ("GDNP Packaging LLC"), and good natured Products Direct LLC ("GDNP Direct LLC"), were formed under the laws of Delaware
- good natured Products (Texas) LLC ("GDNP Texas LLC"), was formed under the laws of Texas.

(GDNP PubCo, GDNP RE ON, 130, GDNP CAD, GDNP Canada GP, GDNP Brampton GP, GDNP Industrial GP, GDNP Canada LP, GDNP Brampton LP, and GDNP Industrial LP are collectively referred to as the "Canadian Debtors," and GDNP Illinois LLC, GDNP RE US LLC, GDNP US, GDNP Packaging LLC, GDNP Direct LLC, and GDNP Texas LLC are collectively referred to as the "US Debtors").

12. While Vancouver, British Columbia is undoubtedly the main headquarters for the operations of the entire Good Natured family, the US hub is located in Richmond, Illinois. It is Good Natured's largest US facility and houses the company's US offices (the "Illinois Facility"). GDNP Illinois LLC also accounts for the most gross revenue of any of the US Debtors. GDNP Illinois LLC, however, has operated at a loss for approximately the last two years and has been financially supported by the Canadian Debtors. GDNP Texas LLC houses a smaller facility and

has its day-to-day accounting decisions performed by GDNP Illinois LLC (with final approval done by the Executive Team). GDNP US is purely a holding company with no assets or employees other than its ownership interest in the other US Debtors. GDNP Packaging LLC and GDNP Direct LLC are both purely operated by staff based in Canada. While these entities hold some inventory and tooling, neither entity has any significant physical assets. Except for GDNP US, the US Debtors sell product to the Canadian Debtors in addition to third-party customers.

B. The Debtors' Financial Position and Capital Structure

13. The Company prepares financial statements that report the financial position of GDNP PubCo (and its respective direct and indirect subsidiaries) on a consolidated basis.

14. As of March 31, 2024, GDNP PubCo's consolidated assets had an unaudited book value of approximately \$91,566,000, consisting of the following:

Assets		
Current assets:		
Cash and cash equivalents	\$	4,316
Trade and other receivables		7,508
Inventory		11,557
Prepaid expenses		789
		<hr/>
		24,170
Non-current assets:		
Property and equipment		44,784
Right-of-use assets		8,274
Customer relationships		1,558
Intangible and other assets		4,329
Goodwill		8,451

15. As of March 31, 2024, GDNP PubCo's consolidated liabilities had an unaudited book value of approximately \$85,711,000, consisting of the following:

Liabilities

Current liabilities:

Accounts payable and accrued liabilities	\$	20,620
Contingent consideration liability		2,219
Current portion of long-term debt		5,913
		<hr/> 28,752

Non-Current liabilities:

Credit Facility	11,034
Convertible debentures	15,553
Mortgages	22,473
Lease Liability	5,004
Other long-term debt	2,430
Deferred income tax liabilities	465
	<hr/> 56,959

16. All of the Debtors' secured debt is Canada-based, except for the Wingspire Leases (as defined below).

i. Wells Fargo

17. GDNP PubCo is party to and borrower under a credit agreement dated August 25, 2022 (the "Wells Fargo Facility") with Wells Fargo Capital Finance Corporation Canada ("Wells Fargo") as lender. The Wells Fargo Facility is interpreted and enforced in accordance with the laws of British Columbia and the laws of Canada. All of the Petitioners (other than GDNP PubCo) are parties to the Wells Fargo Facility as guarantors (collectively, the "Wells Fargo Guarantors"). GDNP PubCo, Wells Fargo, and the Wells Fargo Guarantors have executed eight amending agreements to the Wells Fargo Facility.

18. The security granted pursuant to the Wells Fargo Facility includes:

- the accounts, books, chattel paper, deposit accounts, equipment, goods, fixtures, intangibles, inventory, investment property, intellectual property and intellectual property licenses, negotiable collateral, pledged interests, securities and futures accounts, supporting obligations, cash or cash equivalents, and proceeds therefrom of GDNP PubCo

and each of the Wells Fargo Guarantors organized under the laws of Canadian provinces; and

- the accounts, books, chattel paper, commercial tort claims, deposit accounts, equipment, farm products, fixtures, general intangibles, inventory, investment property, intellectual property and intellectual property licenses, negotiable collateral, pledged interests, securities and futures accounts, supporting obligations cash or cash equivalents, and proceeds therefrom of each of the Wells Fargo Guarantors organized under the laws of US states.

19. Pursuant to the Wells Fargo Facility, the revolving loan availability is subject to limitations under a borrowing base calculation. GDNP PubCo must pay down portions of the Wells Fargo Facility if its borrowing base drops below certain thresholds (such payments, the “Borrowing Base Payments”). The Borrowing Base Payments are calculated on a weekly basis. The most recent Borrowing Base Payment requested by Wells Fargo for the week of June 24, 2024, was US \$330,000. GDNP PubCo paid this US \$330,000 Borrowing Base Payment on June 27, 2024.

20. The current amount of outstanding principal and interest drawn under the Wells Fargo Facility is approximately US \$7,190,765 (after payment of the most recent US \$330,000 Borrowing Base Payment).

21. Pursuant to the Wells Fargo Facility, GDNP PubCo also has quarterly financial performance targets. GDNP PubCo has requested that Wells Fargo waive GDNP PubCo’s EBITDA target for Q2 2024. Wells Fargo has requested that GDNP PubCo execute a ninth amending agreement to the Wells Fargo Facility to waive the EBITDA target. This amendment would grant Wells Fargo various relief, including a daily cash dominion over the Company’s collection accounts. Wells Fargo informed GDNP PubCo on June 27, 2024 that it would be instituting cash dominion in the coming days.

ii. HSBC Equipment Lease

22. GDNP Industrial LP is party to and lessee under a master equipment lease dated September 6, 2023 (the “HSBC Equipment Lease”) with HSBC Bank Canada (“HSBC”) as lessor. The HSBC Equipment Lease is governed by the laws of Quebec and guaranteed by GDNP PubCo. The HSBC Equipment Lease is secured against all equipment supplied under the HSBC Equipment Lease.

23. As of March 31, 2024, the outstanding principal under the HSBC Equipment Lease was approximately US \$1,069,992. The HSBC Equipment Lease is repaid in monthly installments of principal plus interest totaling US \$25,480.77, until maturity on January 14, 2028.

iii. EDC Tooling Credit Facility

24. GDNP PubCo is party to and borrower under a credit facility agreement dated February 22, 2022 (the “EDC Facility”) with Export Development Canada (“EDC”) as lender. The EDC Facility is governed by the laws of British Columbia and Canada and guaranteed by GDNP Brampton LP, GDNP CAD, and GDNP Industrial LP (collectively, the “EDC Facility Guarantors”).

25. The EDC Facility is secured against all present and future personal and moveable property of GDNP PubCo and the EDC Facility Guarantors, subject to certain permitted liens and the Intercreditor Agreement (as defined below).

26. As of March 31, 2024, the outstanding principal under the EDC Facility was approximately US \$1,280,779. The EDC Facility is repaid in variable monthly installments of principal plus interest over 42 months, beginning in October of 2022.

27. On April 25, 2024, GDNP PubCo, the EDC Facility Guarantors, and EDC executed an amendment to the EDC Facility, deferring all repayment installments due under the EDC Facility between May 10, 2024 and November 10, 2024.

iv. Wingspire Leases

28. GDNP Illinois LLC is party to and lessee under a master lease agreement dated September 20, 2022 (the “Wingspire Master Lease”) with Wingspire Equipment Finance LLC (“Wingspire”) as lessor. GDNP US and GDNP CAD are guarantors to the Wingspire Master Lease.

29. GDNP Illinois LLC and Wingspire have entered two lease agreement schedules under the Wingspire Master Lease.

30. The first schedule under the Wingspire Master Lease (the “First Wingspire Lease”) is secured against all equipment supplied under the First Wingspire Lease. As of March 31, 2024, the outstanding principal under the First Wingspire Lease was approximately US \$2,643,720. The First Wingspire Lease is currently repaid in monthly installments of principal plus interest totaling approximately US \$88,389.

31. The second schedule under the Wingspire Master Lease (the “Second Wingspire Lease”) is secured against all equipment supplied under the Second Wingspire Lease. As of March 31, 2024, the outstanding principal under the Second Wingspire Lease was approximately US \$1,190,000. The Second Wingspire Lease is currently repaid in monthly installments of principal plus interest totaling approximately US \$30,890.

32. The Second Wingspire Lease is backed by a letter of credit issued by HSBC in the maximum amount of US \$893,452.57 (the “Wingspire LC”).

v. Mortgages

33. The Company, through 130, GDNP RE ON, and GDNP RE US LLC, owns a portfolio of three properties used in connection with the Company's business operations as manufacturing facilities.

34. The Company properties are subject to the following mortgages;

35. 130 is borrower under a \$6,500,000 principal mortgage to HSBC against a property located in Ayr, Ontario, guaranteed by GDNP PubCo, GDNP CAD, and GDNP Industrial LP (the "HSBC Mortgage");

- GDNP RE ON is borrower under a \$12,862,000 principal mortgage to The Toronto-Dominion Bank ("TD Bank") against a property located in Brampton, Ontario, guaranteed by GDNP Brampton LP, and GDNP PubCo (the "TD Mortgage"); and
- GDNP RE US LLC is borrower under a US \$2,765,750 principal mortgage to American Community Bank & Trust against a property located in Richmond, Illinois, guaranteed by GDNP Illinois LLC.

36. Based on appraisals completed between March 10, 2021, and November 30, 2023, the approximate aggregate value of the Company's real estate portfolio is \$31,791,000. As of March 31, 2024, the aggregate debt outstanding under the mortgages registered on title was approximately \$22,785,000.

vi. Intercreditor Agreement

37. Wells Fargo, TD Bank, EDC, HSBC (only in its capacity as lender to the HSBC Mortgage), and each of the Petitioners are party to a third amended and restated intercreditor agreement dated February 22, 2024 (the "Intercreditor Agreement"). The Intercreditor Agreement is governed by the laws of Ontario and Canada.

38. Pursuant to the terms of the Intercreditor Agreement, *inter alia*:

- priority on security granted under the Wells Fargo Facility shall rank, in descending order, to Wells Fargo to the extent of the Wells Fargo Facility obligations, EDC to the extent of

the EDC Facility obligations, TD Bank to the extent of the TD Mortgage obligations, and HSBC to the extent of the HSBC Mortgage obligations;

- priority on security granted under the TD Mortgage (the “TD Mortgage Security”) shall rank, in descending order, to TD Bank to the extent of the TD Mortgage obligations, Wells Fargo to the extent of the Wells Fargo Facility obligations, and HSBC to the extent of the HSBC Mortgage obligations;
- priority on security granted under the HSBC Mortgage (the “HSBC Mortgage Security”) shall rank, in descending order, to HSBC to the extent of the HSBC Mortgage obligations, and Wells Fargo to the extent of the Wells Fargo Facility obligations; and
- EDC has no encumbrance on the TD Mortgage Security or the HSBC Mortgage Security.

vii. Unsecured Debt Obligations

a. Convertible Debentures

39. GDNP PubCo has unsecured convertible debentures with a principal amount of \$1,315,000, at 10% annual interest, payable bi-annually (the “2019 Debentures”). The 2019 Debentures mature in two stages: \$540,000 matures on December 30, 2024, and the remaining \$775,000 matures on January 23, 2025.

40. GDNP PubCo also has unsecured convertible debentures with a principal amount of \$8,625,000, at 10% interest, payable annually, beginning in December 2024 (the “2021 Debentures”). The 2021 Debentures mature on December 15, 2029.

b. Trade Creditors

41. The Company purchases goods and services in the normal course of business to facilitate the production of goods and delivery of services, and for administration of the Company. Payment terms are typically 120 days for materials, 105 days for fulfillment, 105 days for maintenance and repairs, 105 days for capital expenditures, 100 days for outsource services, 90 days for supplies, 60 days for insurance, 60 days for corporate services, and 30 days for utilities.

42. Currently, the Company has approximately \$5,963,766 past due to various trade creditors. Approximately \$800,000 will become due to trade creditors in the next 15 days.

43. The Company's trade credit to its supplier, Ravago Americas LLC, is backed by a letter of credit issued by HSBC in the maximum amount of US \$3,000,000 (the "Ravago LC").

c. Government Loans

44. GDNP PubCo and GDNP CAD are party to and borrowers under two unsecured loans from Pacific Economic Development Canada pursuant to a government Western Innovation Initiative Loan program (the "WINN Loans").

45. As of March 31, 2024, the current amounts outstanding under the WINN Loans were \$275,726, and \$632,255 respectively. The WINN Loans are currently repaid in monthly installments of \$18,383 and \$18,063 respectively. Recently, the Company has made requests to defer payments on the WINN Loans; however, these requests were denied.

d. Vendor Take Back Notes

46. GDNP CAD is party to and borrower under two unsecured subordinated promissory notes issued to Bill Mechar and JTF Holdings Inc. respectively (the "VTB Notes"). The VTB Notes were issued as vendor take back loans pursuant to a Company acquisition in December of 2020. The VTB Notes are guaranteed by GDNP PubCo.

47. As of March 31, 2024, the amount of principal outstanding under the VTB Notes was approximately \$1,762,366. The VTB Notes are currently repaid in monthly installments of \$40,054 (\$20,027 per note), plus interest quarterly at 5.75% per annum, until maturity on August 31, 2027. Recently, the Company stopped making payments on the VTB Notes.

e. Reverse Earnout

48. GDNP PubCo is party to and purchaser under a share purchase agreement dated March 2, 2020 (the “Shepherd SPA”), with Todd Shepherd, Mark Shepherd, Shepherd Family Trust, Barry Shepherd and Denise Shepherd, as vendors (collectively, the “Shepherd Vendors”). Pursuant to the Shepherd SPA, GDNP PubCo was obligated to make a reverse earnout payment totalling \$2,250,000 to certain of the Shepherd Vendors as of May 10, 2024 (the “Reverse Earnout Payment”).

49. GDNP PubCo failed to make the Reverse Earnout Payment. Pursuant to the Shepherd SPA, the outstanding payment accrues interest at prime plus 2% per annum, calculated and compounded monthly, until such time as the Reverse Earnout Payment is paid in full. The Reverse Earnout Payment is unsecured.

viii. Letters of Credit

a. HSBC Letters of Credit

50. GDNP PubCo is party to and borrower under an amended facility letter dated October 3, 2023, (the “HSBC LC Facility”) with HSBC as borrower. Pursuant to the HSBC LC Facility, GDNP PubCo may request, and HSBC may issue, letters of credit to support the day to day operations of the Company. Currently, the only active letters of credit issued pursuant to the HSBC LC Facility are the Wingspire LC and the Ravago LC. These letters of credit have never been drawn upon.

51. The HSBC LC Facility is unsecured. The HSBC LC is backed by the EDC Indemnity (as defined below).

b. EDC Letter of Credit Indemnity

52. In October 2020, GDNP PubCo and EDC entered a guarantee and indemnity agreement (the “EDC Indemnity”). Pursuant to the EDC Indemnity and its affiliated agreements, EDC agreed to back certain letters of credit issued in favour of the Company by HSBC, in exchange for GDNP PubCo’s promise to indemnify EDC.

53. The EDC Indemnity is guaranteed by GDNP CAD, GDNP US, and GDNP RE ON. The EDC Indemnity is unsecured.

54. The EDC Indemnity backs the Wingspire LC and the Ravago LC. To date, the EDC Indemnity has not been drawn upon.

ix. Owned Real Property

55. Good Natured, through 130, GDNP RE ON, and GDNP RE US LLC, owns three commercial properties in Ayr, Ontario, Brampton, Ontario, and Richmond, Illinois, respectively. All three properties are leased to inter-company entities.

56. As described above, the aggregate net equity in the Company's owned real property is estimated at approximately \$9,006,000.

x. Leased Real Property

57. The Company occupies three commercial properties leased from third party landlords in Canada and the United States. The Company’s lease obligations to third party landlords for the 2024 fiscal year are anticipated to be approximately \$1,100,000.

58. The Company is current on its rent obligations, except for a leased commercial building in Cambridge, Ontario. The property is vacant and the Company is in discussions with its landlord to surrender or sublease the premises. The Company is also late on its rent obligations for its warehouse building in Genoa City, Wisconsin.

C. Cash Management

59. Each of the Petitioners has its own bank accounts; however, the Company uses a centralized cash and treasury management process for banking, cash planning, and payment approvals. The Cash Management System is administered by Good Natured's CFO in Vancouver, British Columbia. All of the Company's cash is overseen in Canada by GDNP PubCo. Under the guidance of GDNP PubCo, the Company moves cash amongst its subsidiaries on a weekly basis to fund accounts payable and payroll (collectively, the "Cash Management System").

60. The current Cash Management System includes the necessary accounting controls to enable the Petitioners and the Monitor to trace funds and ensure that all transactions are adequately ascertainable.

61. The Cash Management System has several functions, comprised of: (a) collection of accounts receivable from third parties; (b) disbursements to fund payroll and benefits, capital expenditures, maintenance costs, payments to inventory vendors and other service providers; and (c) intercompany cash transfers amongst the Debtors. The Debtors have been authorized by the Canadian Court to continue to use the existing Cash Management System during the pendency of the Canadian Proceeding

62. In addition, the Company uses a limited number of credit cards to facilitate operational corporate payments in Canada and the US (the "Credit Cards"). As of June 21, 2024, the balances on the Credit Cards were current other than charges incurred during the current billing period. The Petitioners have authority to continue to use the Credit Cards, and make full repayment of all amounts outstanding thereunder.

63. In the ordinary course of business, certain of the Petitioners engage in intercompany transactions. In addition to the cash transfers described above, intercompany transactions include

payments from one Company entity to another for products and/or services, which are then sold to third party customers.

64. As described above, the properties owned by 130, GDNP RE ON, and GDNP RE US LLC are all leased to inter-company entities. The rent from those lease payments is primarily used to pay the corresponding mortgage obligations.

65. All of the Company's bank accounts are primarily with HSBC, but it also has some accounts with TD Bank Canada, and RBC Bank Canada. The operational bank accounts held at HSBC, Good Natured's main bank accounts, are managed by GDNP PubCo through HSBCNet online banking platform. There is a small bank account with American Community Bank and Trust, which gets funded monthly to make mortgage payments. All Good Natured bank account administrators are located in Canada. In all, the Debtors have 53 Canadian bank accounts and nine accounts in the United States.

66. Good Natured's accounting team in Vancouver created a detailed cash management process. On a weekly basis the accounting team in Vancouver reviews items listed for payment by each Debtor. The accounting team submits a final list to the Executive Team for approval. The Executive Team must approve all payments in HSBCNet.

67. The CFO and accounting team will sweep cash from all accounts as needed to pay GDNP PubCo expenses, i.e. corporate overhead.

68. All insurance policies are managed in Canada.

69. All accounting audits are done by Grant Thornton LLP out of Vancouver, British Columbia.

II. Events Preceding the Commencement of the Canadian Proceeding.

70. Good Natured experienced exponential growth from 2016 through 2022, growing revenues from \$146,000 to a peak of \$101,000,000 in 2022. Good Natured's growth was driven from organic initiatives, the organic acquisition of a large US food producer client (the “US Food Producer Client”), and the completion of four corporate acquisitions from 2020 through 2022.

71. Despite this growth, Good Natured faced financial pressures due to various factors stemming from the COVID-19 pandemic.

72. From about 2021 through 2022, Good Natured faced external supply chain disruptions and inflationary cost increases, resulting in higher costs associated with materials, labor, energy, logistics and fulfillment. In anticipation of higher demand levels caused by the supply chain disruptions, and the organic acquisition of the large US Food Producer Client, the Company made the strategic decision to make acquisitions and capital investments, in an attempt to stabilize and expand production capacity, and to increase material inventory levels. This increased debt levels, as well as interest, labor, fulfilment, and warehousing costs.

73. From May 2022 to December 2022, Canadian federal interest rates increased from 0.50% to 4.25%, while US federal interest rates climbed from 0.75% to 4.50%. The rapid increase in interest rates increased debt servicing levels for the Company while causing macro-economic uncertainty for consumers and equity investors.

74. Revenue in FY 2023 decreased by 24% compared to FY 2022. This decrease was primarily due to lower order volumes in Q4 2024 from large US Food Producer Client 2023 and a general reduction in demand from industrial thermoforming customers causing a 46% decline in Company’s revenues for the industrial business group. The decline in industrial thermoforming customer sales was linked, in part, to:

- softening macroeconomic conditions caused in part by higher interest rates;
- customers de-stocking higher inventory levels built-up to avoid widespread supply chain disruptions during and after the COVID-19 pandemic;
- year-over-year decrease in average selling price caused by lower demand and lower input costs, such as ocean freight costs; and
- capital investment made by industrial thermoforming customers to extrude their own product instead of buying it from the Company.

75. Revenue in Q1 2024 declined by 24% compared to Q1 2023. This declines was primarily due to:

- Lower order volumes from the Large US Food Producer Client;
- an abnormally soft month of January 2024 for the industry, especially apparent in the Company's industrial business group, which continues to face lower demand levels, increased market competitiveness, and volatility;
- the Company's decision to fully exit a legacy petroleum-based industrial business group product line; and
- lower order volumes from the large US Food Producer Client.

76. The challenges described above are compounded by:

- continued interest rate increases, further raising the Company's debt interest finance costs to approximately \$8.5 million forecasted in 2024 (compared to approximately \$7.7 million in 2023, \$5.6 million in 2022, and \$4.6 million in 2021); and
- lower industrial and US Food Producer Client sales volumes reducing the Company's asset base lending value, requiring the Company to allocate more of its cash to pay down the Wells Fargo Facility.

77. The Company has taken various steps to address its financial challenges. Most recently:

- throughout FY 2023, the Company undertook measures to reduce its selling, general, and administrative expenses by approximately \$3,078,000;
- on February 1, 2024, the Company announced a cost reduction process to address declining revenue in the petroleum-based portion of its industrial business group.

These actions were expected to result in approximately \$1,200,000 in annualized payroll reductions;

- on February 14, 2024, the Company announced an update to its cost reduction efforts, indicating it has completed corporate cost reductions in a variety of functional areas, including wages and selling, general and administrative expenses, which were expected to result in annualized savings of approximately \$1,800,000. the Company estimated it will incur approximately \$450,000 in one-time expenses associated with these reductions;
- on February 14, 2024, the Company announced the launch of a non brokered private placement financing (the “Offering”) for 33,333,333 units (the “Units”) of GDNP PubCo at a price of \$0.06 per Unit for aggregate gross proceeds of \$2,000,000. The Offering was subject to an over-allotment option, allowing GDNP PubCo to issue an additional 50,000,000 Units for gross proceeds of \$3,000,000. Each Unit consists of one common share in the capital of GDNP PubCo and one common share purchase warrant of GDNP PubCo. Each warrant would entitle the holder thereof to acquire one common share (a “Warrant Share”) at an exercise price per Warrant Share of \$0.08 for a period of 30 months from the closing of the Offering. On March 21, 2024, the Company announced it closed the first tranche of the Offering, by issuing 15,639,998 Units at \$0.06 per Unit for gross proceeds of \$0.9 million. Insiders of the Company prior to closing the first tranche, subscribed for a total of 5,170,000 Units for total gross proceeds of \$300,000;
- on February 20, 2024, the Company announced it signed a definitive agreement to refinance the mortgage outstanding on the land and building located at the Company’s Brampton, Ontario facility. The refinancing closed on February 27, 2024. The mortgage was refinanced with a \$12,862,000 3-year fixed rate mortgage, featuring a 25-year amortization period. Principal and interest will be paid monthly at a fixed rate 5.75% per annum. The Company received net proceeds of approximately \$2,100,000 following repayment of the refinanced mortgage and a remaining vendor take back loan associated with a prior acquisition; and
- on April 10, 2024, the Company announced a proposal to amend the terms of its 7.0% convertible unsecured subordinated debentures in the principal amount of \$17,250,000 due October 31, 2026. On April 30, 2024, the Company announced that at a special meeting of the debenture holders, the debenture holders approved an extraordinary resolution, reducing the Company’s debt outstanding by approximately \$8,600,000 million, effective May 8, 2024.

78. The Company has renegotiated certain of its debt obligations as required, while actively seeking to consolidate its existing debts, and secure new debt or equity funding. This

process has not resulted in a viable debt consolidation or sufficient levels of new funding to address the ongoing liquidity concerns.

79. In July 2023, the Company engaged William Blair & Company (“William Blair”), a boutique investment bank and financial services company, to assist in exploring a range of strategic alternatives. With the assistance of William Blair, the Company undertook a comprehensive marketing process to seek additional investment in or a sale of the Company or its various business units. While this process has identified some credible interest in the Company, it has not resulted in a viable bid for any portion of the Company or its assets at this time.

80. Despite its efforts, the Company, burdened by the significant interest expense of its debt obligations, has continued to struggle to generate sufficient free cash flow to support its working capital requirements, leading to increasingly constrained liquidity.

81. The Company has failed to pay certain of its debts when due. Approximately \$6.5 million of principal and accrued interest is overdue and immediately owing to creditors. The Company currently has approximately \$946,000 of cash on hand. The Company’s investors have advised they are not prepared to provide additional funding at this time.

82. Given its limited remaining cash on hand, in recent weeks the Company, with the assistance of Alvarez & Marsal Canada Inc. (“A&M”, in its capacity as proposed monitor, the “Proposed Monitor”, and if appointed, in such capacity, the “Monitor”), also began exploring DIP financing options from various third-party lenders.

83. Following careful consideration of available options and alternatives with the assistance of its financial and legal advisors, the Company has determined that the best path to maximize stakeholder value and preserve the Company as a going concern is to commence these

CCAA proceedings, obtain DIP financing, and seek to finalize the terms of a transaction, following the completion of a court-approved sales and investment solicitation process (the "SISP").

III. The Canadian Proceeding

84. On June 28, 2024, the Debtors commenced the Canadian Proceeding to implement a restructuring under the supervision of the Canadian Court. That same day, the Canadian Court entered an initial order (the "Initial CCAA Order"), (i) commenced the Canadian Proceeding pursuant to the CCAA; (ii) appointed A&M as Monitor in the Canadian Proceeding; (iii) granted a stay of proceedings in favor of the Debtors and their directors and officers up to and including July 8, 2024; (iv) granted priority charges in favor of (a) professionals employed by the Debtors and the Monitor; (b) directors and officers of the Debtors; and interim lender; and (v) authorized the Debtors to continue utilizing the Cash Management System. Given Good Natured's decreasing financial performance, Good Natured in consultation with its advisors, initiated the Canadian Proceeding to reorganize under the protections offered by the CCAA, including by initiating the SISP, which will maximize the value of Good Natured and allow it to compromise its significant historical liabilities through a restructured entity. Documents evidencing the commencement of the Canadian Proceeding are attached hereto as **Exhibit C**.

85. Although each Debtors' respective management and board of directors remains in place, the Debtors' assets and affairs are subject to the supervision of the Canadian Court during the pendency of the Canadian Proceeding.

86. After the Initial CCAA Order was entered the Debtors, (i) issued a press release in respect of the Canadian Proceeding and the stay; (ii) worked with the monitor to prepare a communications package for employees, suppliers, and customers; and (iii) communicated the filing under the CCAA to employees, suppliers, landlords, and customers.

IV. The Chapter 15 Filing

87. On the date these chapter 15 cases were filed, the ("Petition date"), the Foreign Representative filed petitions under chapter 15 of the Bankruptcy Code for recognition of the Canadian Proceeding, commencing these chapter 15 cases.

88. The Foreign Representative anticipates that the Canadian Court will enter an amended and restated Initial Order (the "ARIO") on or around July 8, 2024. Entry of the ARIO will extend the relief granted in the Initial CCAA Order beyond the initial ten day period.

89. I believe that joint administration of these Chapter 15 Cases is warranted because the Debtors' financial affairs and business operations are closely related, and because it will ease the administrative burden of these cases on the Court and interested parties. I can confirm that the Foreign Representative anticipates that the various notices, motions, hearings, orders, and other pleadings in these cases will affect all of the Debtors.

90. The Foreign Representative has also filed a motion requesting that the Court schedule a final recognition hearing and approval of related noticing procedures (the "Notice Procedures Motion"). I can attest that the Debtors have many creditors, potential creditors, and other parties in interest, all of whom need to be provided with, among other things, notice of the entry of the provisional order, the proposed final order, the recognition objection deadline, and the recognition hearing. The Foreign Representative has prepared a form of notice advising of these and related matters (the "Recognition Hearing Notice"), a copy of which is annexed to the Notice Procedures Motion.

91. Under the facts and circumstances of the Debtors' Chapter 15 Cases, I submit that service of the Recognition Hearing Notice in the manner proposed in the Notice Procedures Motion will provide those parties identified as the Notice Parties in the Notice Procedures Motion

with due and sufficient notice of the relief requested in the Recognition and Relief Motion and associated objection deadlines and hearing dates. The Notice Procedures Motion seeks relief that is consistent with the notice procedures in the Canadian Proceeding. The Notice Documents (as that term is defined in the Notice Procedures Motion) will be posted on the Monitor's website, which is the main avenue for creditors in the Canadian Proceeding to get notice. Therefore, I believe that the relief requested in the Notice Procedures Motion is necessary and appropriate and is in the best interests of the Debtors, their creditors, and other parties in interest.

Executed this 1st day of July in 2024,

Vancouver, British Columbia.



Paul Antoniadis